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Before The
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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Federal Communications Commission
Office of Secretary

In the Matter of)
)
Implementation of the Pay)
Telephone Reclassification and)
Compensation Provisions of the) CC Docket No. 96-128
Telecommunications Act of 1996)
)

TO: The Commission

ERRATUM

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Paging Network, Inc. ("PageNet") by its undersigned counsel, hereby submits this erratum to correct the inadvertent omission of a cover page, summary and table of contents in the filing of its Petition for Limited Reconsideration ("Petition") filed yesterday in the above-captioned proceeding. The corrected version of the Petition is attached.

Respectfully submitted,

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October 22, 1996

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In the Matter of	)	
	)	
Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996	)	CC Docket No. 96-128
	)	

PETITION FOR LIMITED RECONSIDERATION

PAGING NETWORK, INC.

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October 21, 1996

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Summary

It is important to step back and review the compensation amount awarded to payphone providers, and the mechanism envisioned to transfer the compensation from the interexchange carriers to the payphone provider in the broader context of the whole telecommunications industry, and the consumers they serve. Clearly, the Commission focused solely on payphone providers and was not sufficiently cognizant of the impact of its decision on 800 end user subscribers, or 800 carrier subscribers like PageNet.

In the first instance, the Commission seeks to assure "fair compensation." It believes that this fair compensation can be assured when the caller has the information necessary to make an informed choice as to whether to make the call and incur the compensation charge." *Report and Order* at 11, ¶ 20 (emphasis added). PageNet agrees. But then the Commission deprives the caller of making such a choice by imposing the obligation to pay on the IXC providing the 800 service and, theoretically only, ultimately the called party.

Furthermore, the Commission's conclusion that the IXC and not the payphone provider is the primary economic beneficiary and, therefore, that the IXC must bill these calls, is misplaced. The payphone provider is the primary economic beneficiary.

The payphone provider is the clear winner, based on gross revenue, and an even clearer winner on costs of service. Assuming the Commission's objective that the "primary economic beneficiary" should bill for these calls, it should be the payphone provider doing the billing, through coins in the box.

The Commission also erred in setting the compensation rate as the "market rate" for a local coin call, which the Commission equates to the costs of a local coin call. In the first instance, the labor and other costs associated with coin service, such as the coin collection and counting, maintenance, etc., never came into play. The 800 subscriber calls are coinless. Secondly, the Commission's own methodology for recovery of compensation presupposes that a coin will never be used -- the called party and not the calling party at the payphone is to be billed.

Furthermore, reliance on actual market rates or fully distributed costs is unlawfully inconsistent with the compensation methodology the FCC has just ordered in its *Local*

Competitive Order. Thus, the FCC embraced TELRIC as the appropriate methodology for carriers to recover their interconnection costs of origination and termination. As telecommunications carriers, compensation due to payphone providers is for their limited, albeit essential role in the origination of calls, and the only appropriate methodology for determining the compensation amount subsequent to the FCC's decision is TELRIC.

The Commission should reconsider its decision not to allow payphone providers to recover the requisite compensation through coin in the box. Coin in the box is in fact the only method of recovery that satisfies each of the Commission's stated goals, to-wit:

1. It allows the caller to determine whether the compensation amount is reasonable and thus whether to place the call;

2. it assures the called party is not saddled with costs which the called party had no opportunity to accept or reject, based on the particular call; and

3. it assures that the primary economic beneficiary is the one responsible for billing.

Lastly, it avoids the wholesale changes in systems and technology that will be required to be put in place, and which will likely also be imposed on 800 subscribers.

If the Commission continues on its course to require the IXCs to pay these compensation amounts, the Commission should, nonetheless, not allow the IXCs to pass these calls through to their subscribers on a per-call basis. As demonstrated below, the mechanism set up for billing these calls is both duplicative and costly, and precludes the 800 carrier subscribers from being able to recover these costs from their own subscribers on a per-call basis. There is, therefore, nothing to be gained in allowing the IXCs to pass these calls on in that fashion. The IXCs should be required to spread the costs of this service over all 800 users. Alternatively, as proposed in PageNet's Comments, filed July 1, 1996 at 6-9, the Commission should set up a mechanism which recovers their costs through the subscriber line charge. This is the <u>least disruptive</u> method of collection of these revenues to the industry and to consumers as a whole.

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Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996	)	CC Docket No. 96-128
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PETITION FOR LIMITED RECONSIDERATION

Paging Network, Inc. ("PageNet"), on behalf of its operating subsidiaries, and by its attorneys, hereby files its Petition for Limited Reconsideration of the above-captioned proceeding.[1]

PageNet does not quarrel with the Federal Communications Commission's ("FCC's" or "Commission's") conclusion that payphone providers are entitled to "fair compensation." 47 U.S.C. § 276(b)(1)(A). However, PageNet does take issue with the erroneous analysis under which the Commission concluded that payphone providers are entitled to $.35 per subscriber 800 and access code call, and the either unlawful or unreasonably burdensome methodology means the Commission has devised for compensation recovery.

I. Overview Of Errors Underlying The Commission's Payphone Compensation Amount And Compensation Recovery Methodology, And PageNet's Proposed Solution.

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1 Report and Order, CC Dockets 96-128 and 91-35, Released September 20, 1996 (hereinafter "*Report and Order*").

It is important to step back and review the compensation amount awarded to payphone providers, and the mechanism envisioned to transfer the compensation from the interexchange carriers to the payphone provider in the broader context of the whole telecommunications industry, and the consumers they serve. Clearly, the Commission focused solely on payphone providers and was not sufficiently cognizant of the impact of its decision on 800 end user subscribers, or 800 carrier subscribers like PageNet.

In the first instance, the Commission seeks to assure "fair compensation." It believes that this fair compensation can be assured when the caller has the information necessary to make an informed choice as to whether to make the call and incur the compensation charge." *Report and Order* at 11, ¶ 20 (emphasis added). PageNet agrees. But then the Commission deprives the caller of making such a choice by imposing the obligation to pay on the IXC providing the 800 service and, theoretically only, ultimately the called party.[2]

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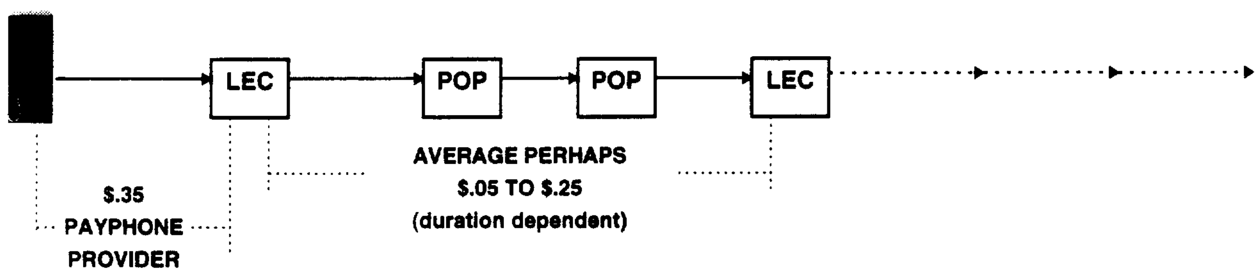
2 The Commission presumes these costs will be passed on to the 800 subscriber, and ultimately where a carrier using 800 access is concerned, to the called party on a per call basis. According to the Commission, if charges are not passed on in this manner, the called party's alternatives for accepting or declining a particular call will be distorted. *Report and Order* at 10, ¶ 17. As set forth in Sectin IV.A, herein, however, the premise that each call's particular charges will be passed on to the called party is incorrect.

Furthermore, the Commission's conclusion that the IXC and not the payphone provider is the primary economic beneficiary and, therefore, that the IXC must bill these calls, is misplaced. The payphone provider is the primary economic beneficiary. Take, for example, a call originated at a payphone to an 800 subscriber's telephone number.[3]

The following diagram depicts the call flow, and revenue flow, for these calls.



The payphone provider is the clear winner, based on gross revenue, and an even clearer winner on costs of service. Assuming the Commission's objective that the "primary economic beneficiary" should bill for these calls, it should be the payphone provider doing the billing, through coins in the box.

The Commission also erred in setting the compensation rate as the "market rate" for a local coin call, which the Commission equates to the <u>costs</u> of a local coin call. In the first

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3 A call placed to a pager would average 15 to 18 seconds; a call placed to retrieve voice mail averages under a minute.

instance, the labor and other costs associated with coin service, such as the coin collection and counting, maintenance, etc., never came into play. The 800 subscriber calls are coinless. Secondly, the Commission's own methodology for recovery of compensation presupposes that a coin will never be used -- the called party and not the calling party at the payphone is to be billed.

Furthermore, reliance on actual market rates or fully distributed costs is unlawfully inconsistent with the compensation methodology the FCC has just ordered in its *Local Competitive Order*.[4] Thus, the FCC embraced TELRIC as the appropriate methodology for carriers to recover their interconnection costs of origination and termination. As telecommunications carriers, compensation due to payphone providers is for their limited, albeit essential role in the origination of calls, and the only appropriate methodology for determining the compensation amount subsequent to the FCC's decision is TELRIC.

The Commission should reconsider its decision not to allow payphone providers to recover the requisite compensation through

---

4 Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket 96-98, First Report and Order, FCC 96-325, ¶¶ 672-703 (rel. Aug. 8, 1996)(*Local Competition Order*). The FCC's *Report and Order* incorrectly uses neither incremental costs nor cost recovery on an element-by-element basis.

coin in the box. Coin in the box is in fact the only method of recovery that satisfies each of the Commission's stated goals, to-wit:

1. It allows the caller to determine whether the compensation amount is reasonable and thus whether to place the call;

2. it assures the called party is not saddled with costs which the called party had no opportunity to accept or reject, based on the particular call; and

3. it assures that the primary economic beneficiary is the one responsible for billing.

Lastly, it avoids the wholesale changes in systems and technology that will be required to be put in place, and which will likely also be imposed on 800 subscribers.

If the Commission continues on its course to require the IXCs to pay these compensation amounts, the Commission should, nonetheless, not allow the IXCs to pass these calls through to their subscribers on a per-call basis. As demonstrated below, the mechanism set up for billing these calls is both duplicative and costly, and precludes the 800 carrier subscribers from being able to recover these costs from their own subscribers on a per-call basis. There is, therefore, nothing to be gained in allowing the IXCs to pass these calls on in that fashion. The IXCs should be required to spread the costs of this service over all 800 users. Alternatively, as proposed in PageNet's Comments, filed July 1, 1996 at 6-9, the Commission should set up a mechanism which recovers their costs through the subscriber line charge. This is the <u>least disruptive</u> method of collection of these revenues to the industry and to consumers as a whole.

II. The Commission's Market-Based Approach To Payphone Compensation Is Totally Inconsistent With The TELRIC Principles Adopted By The Commission In Its Recent Interconnection Order.

The Commission should reconsider its decision to use a market-based approach for payphone compensation. The market-based approach is inconsistent with the Commission's recent adoption of a Total Element Long Run Incremental Cost ("TELRIC") methodology for pricing discrete network elements or facilities.[5] There, the price of a network element includes the forward-looking costs attributed directly to the provision of services using that element, which includes a reasonable return on investment (*i.e.*, profit), plus a reasonable share of the forward-looking joint and common costs.[6] "Economists generally agree that prices based on forward-looking long-run incremental costs (LRIC) give appropriate signals to producers and consumers and ensure efficient entry and utilization of the telecommunications infrastructure."[7]

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5 *Id.*

6 *Id.*

7 Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, Notice of Proposed Rulemaking, FCC 96-182 (rel. April 19, 1996)(*Local Competition NPRM*), *citing* Alfred E. Kahn, *The*
Continued on following page

The Commission's only rationale for its rejection of TELRIC here is that

> [U]se of a purely incremental cost standard for all calls could leave PSPs without fair compensation for certain types of payphone calls, because such a standard would not permit the PSP to recover a reasonable share of the joint and common costs associated with those calls.[8]

The Commission's rationale, however, cannot hold up in light of its adoption of a TELRIC methodology in the *Local Competition Order* that provides for the recovery of joint and common costs.

The adoption of the same methodology in the context of payphone compensation, will provide PSPs with compensation analogous to the IXCs' reasonable share of the forward-looking joint and common costs. Moreover, the TELRIC pricing methodology used in the *Local Competition Order* will provide PSPs with a reasonable profit.[9]

The inequity of adopting a market-based approach, as compared to a TELRIC pricing methodology, is demonstrated by comparing the permitted recovery for a call traversing a LEC switch, with the permitted recovery by a payphone provider for a

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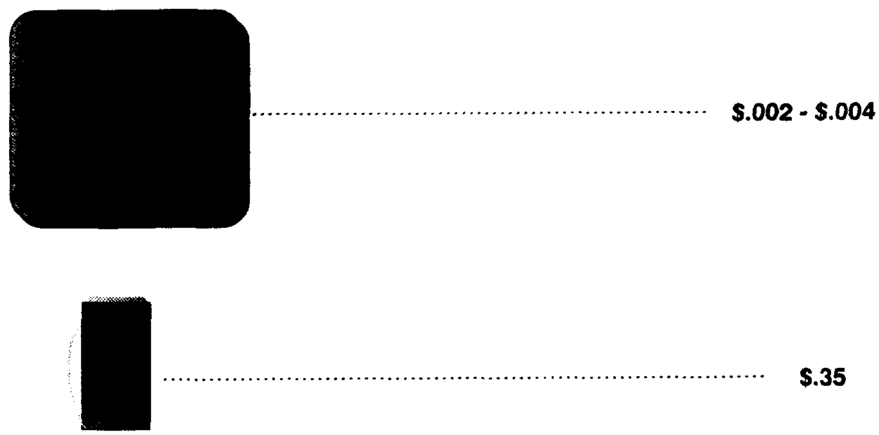
Continued from previous page

Economics of Regulation: Principles and Institutions 69 (1988)

8 *Report and Order*, at ¶ 68.

9 *See Local Competition Order* at ¶ 699.

coinless subscriber 800 or subscriber access call. Under a TELRIC approach, the permitted recovery for unbundled local switching is $.002 - $.004 per minute;[10] whereas, the rate for payphone compensation adopted in the *Payphone Order* is $.35 per call (which may average 3 or so minutes in length).[11]



There is obviously something wrong with this picture.

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10 These are the default proxies established by the Commission in the *Local Competition Order*. *See Local Competition Order* at ¶ 811.

11 This compares apples to apples, *e.g.* switch (payphone) to switch (central or tandem office). But, even if the Commission allowed compensation for the transport element between the payphone and the central office, that element would be fractions of a cent. Unlike local calls, there are no additional costs to the payphone provider for transporting 800 subscriber or 800 access code traffic. As noted herein, at 3 and 18, 800 subscriber calls are substantially <u>shorter</u> in length.

III. The Commission's Reliance On The "Market" Rate For Local Coin Calls As A Surrogate For Subscriber 800 And Subscriber Access Code Calls Is In Error.

In setting the actual amount of compensation to be paid by interexchange carriers ("IXCs") for subscriber calls, the Commission relied on what it characterized as the "market rate."[12] The Commission stated its rationale as follows:

(1) "The appropriate per-call compensation amount [for 800 subscriber and access code calls] ultimately is the amount the particular payphone charges for a local coin call, because the market will determine the fair compensation rate for those calls." *Report and Order* at 37, ¶ 70.

(2) "If a rate is compensatory for local coin calls, then it is the appropriate compensation amount for other calls as well, <u>because the costs of originating the various types of payphone calls are similar</u>." *Id.* [Emphasis added.]

(3) ". . . deregulated local coin rates are the best appropriate surrogates for payphone costs and are superior to the cost surrogate data provided by the commenters." *Id.*

Each of the Commission's premises is grossly in error, the result of which is that the Commission has set compensation rates well in excess of any conceivable amount to which the payphone provider may be entitled.

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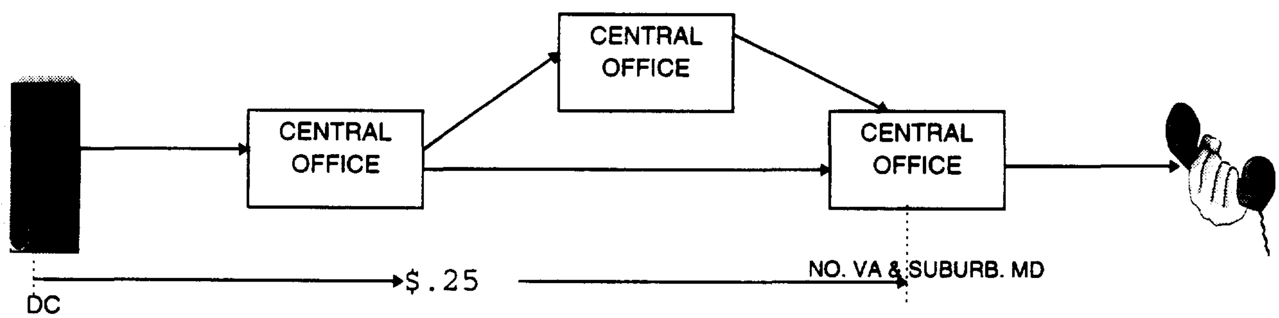
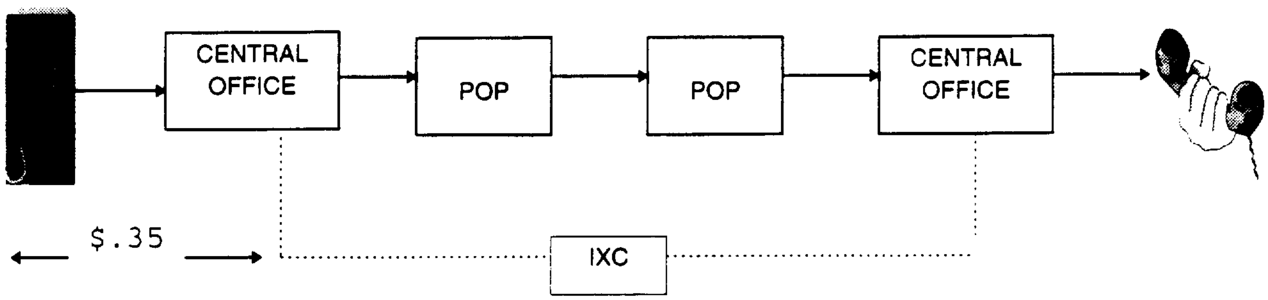
12 Notably, in relying on what the Commission perceived to be the market rate, it was using that rate as a surrogate for <u>costs of service</u>. It did not base its analysis, nor could it, on the premises that the payphone market or, as importantly, the marketplace for payphone placement at locations, is currently competitive, and thus that the $.35 rate reflected rates driven to costs (inclusive of a rate of return).

Premise 1.

The Commission's first premise -- that 800 subscribers and access code calls should be compensated at the same rates as local coin rates because the "market will set the rates for these [coin] calls, presumes that these call types and the service offered are the same. The presumption is wrong. A person placing a local coin call pays the required amount for the use of the phone (and all of the associated costs of coin collection, counting and the like), and for the transport of the call through the local calling areas to the end office terminating the call. The following diagram illustrates the approximate service covered by the coin rate for a call placed within the District of Columbia local exchange area.



Conversely, the service offered by the payphone provider for an 800 subscriber or access code call is the use of the payphone itself, and the payphone providers would argue, the line from the payphone to the serving end office or wire center. The rest of the call, including the use of the local transport facilities, is paid for by the IXC through access charges. The person to whom the call is billed pays the IXC for the costs of the toll, as well as local call origination and termination.



It is, therefore, irrational to assume that the service offered by the payphone provider for local coin calls and 800 subscriber and access code calls are alike. The service for which the calling party pays is the origination, switching, transport, etc. of a local coin call. In the subscriber 800 and 800 access context, both local and toll network charges are all already included in the 800 service charge, and thus the payphone provider is entitled, at a maximum, only to be compensated for use of the phone.[13]

Clearly, it is both unreasonable and unreasonably discriminatory to charge $.35 for just the use of the phone when the payphone provider charges that same amount for a local coin

13 The payphone provider would claim compensation for the line as well, but no such compensation is warranted. *See* AT&T Reply Comments at 2-3.

call from point of origination to point of termination, thereby rendering a far more expensive service. *See, e.g., Competitive Telecommunications Association v. FCC*, 998 F.2d 1058 (D.C. Cir. 1993). (Offering more features or functions to one subscriber than another for the same price constitutes unreasonable discrimination.)

Premise 2.

The Commission's second premise -- that the costs of originating 800 subscriber and access code calls are similar to the costs of local exchange service -- is not supported by the record. As AT&T demonstrates (at 11-14 of its Reply Comments, dated July 15, 1996), the costs of local coin service and coinless 800 service are vastly different. The costs of local transport are different -- 0 for subscriber and 800 access code calls as compared to perhaps $.8 to $.10 or more for local coin calls. The costs of the payphone unit associated with coin are also very significant, while the unit costs for subscriber 800 and access code calls are hundreds of percents less. And the costs of maintenance, coin collection and the like are predominantly associated with coin, not 800 subscriber or access calls.

In the first instance, as recognized by Sprint, but overlooked by the Commission, independent payphone providers often pay -- and, presumably, local exchange carrier ("LEC") payphone providers will now impute -- a per-call or per-minute charge for the local transport. A payphone provider might be charged \$.8 to \$.10 or more for a three-minute local call by the serving LEC.[14]

Furthermore, the payphone provider incurs very significant direct costs, such as coin collection and counting, associated with the use of coin, but <u>not</u> with 800 subscriber or access code calls. The Commission estimated the average costs for the line and coin collection to be in the range of \$.12. *See Operator Service Access*, 6 FCC Rcd 4736, 4747 (1991).[15]

The \$.12 estimate for the payphone line and coin collection does not include the fact that the <u>vast percentage</u> of the costs of the payphone unit itself are associated with coin deposit and coin rating and other functions associated solely with coin -- both local and toll. This fact is illustrated by a price comparison of coin phones (with coinless capability) (approximately \$800 - \$1000), and coinless phones (offering no

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14 *See* Attachment 1 for local message and measured service for COCOTs. While clearly dated, it illustrates the point that non-LEC payphone providers are charged per-call or per-minute charges, in addition to the flat rate.

15 Payphone maintenance, repair and replacement is also associated with coin. "If a coin box becomes overfilled, the coins back up, jam the coin mechanism, and the phone becomes unusable for further coin-paid call." Raymond James & Associates Research Study, J. Bain, July 22, 1994, at 11. Out of order phones are much more likely to be vandalized by users who are unable to make calls, loose their coins, etc." *Id.* at 12.

coin capability) ($150 - $225); the coin capability adds between 400% and 500% to the coinless capability.[16] *See* AT&T Reply Comments at 8.

This fact alone makes the cost discussion in People's Telephone Company's Comments useless in determining the costs associated with the placement of subscribers 800 or access code calls from payphones. People's superficial cost presentation includes total phone costs and depreciation, not phone costs and depreciation, solely associated with coinless functionality; total interest costs, not interest costs associated only with coinless functionality; total maintenance costs, not maintenance costs associated with coinless functionality. It is simply unreasonable to bundle these costs together.[17]

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16 For example, the payphone provider is responsible for having an accurate rate chip, which reflects the thousands of rate parameters, and are different depending upon the location of each pay telephone. The phone must have coin acceptance capability, coin chutes and the like.

The difference in the depreciation and interest amount alone is dispositive of the inflated costs submitted by payphone providers. The depreciation and interest associated with a $225 unit, coinless only, would be $45/year, or $3.75/month, assuming all of the asset was paid for with debt, using 10-year straight-line depreciation. People's includes an unsupported figure of $61.06/month. *See* Peoples Comments at 21. *See also* AT&T Reply Comments at 7 (noting that People's Depreciation/Amortization cost "implies a cost of over $7,300 per payphone station," clearly an excessive amount that has nothing to do with the efficient costs of deploying payphones.)

17 In the subject *Report and* Order, the Commission inappropriately did not address the inadequacy of these

Continued on following page

The model used by the RBOCs similarly is one that includes their fully embedded asset base, with virtually no explanation as to how the costs were derived, what is included, what rate-of-return was incorporated therein. *See* Attachment to RBOC Coalition Comments at 8-10.

The Commission cannot use this data as a basis for compensation. It is of course up to these companies to prove their costs, as they "have the greater access to the cost information necessary to calculate the incremental costs of the unbundled elements of the network." *Local Competition Order* at ¶ 680.

Finally, even the APCC implicitly recognizes that subscriber 800 calls have different cost characteristics than local coin, or even other types of coinless calls. It notes that "[s]ubscriber 800 calls in general tend to be of shorter duration than other long distance calls." While it does not indicate how much shorter (and, thus, how much less costs are incurred), it does indicate that compensating payphone providers only for calls in excess of one minute duration -- "would have a dramatic effect on the number of compensable subscriber 800 calls." APCC Reply Comments, filed July 15, 1996, at 28. In order to have such a

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costs, except to state that it found the deregulated coin rate surrogate superior. *Report and Order* at ¶ 70.

dramatic effect, there must be large numbers of short duration calls, and thus fewer costs than average toll call on that basis alone. The Commission's *Report and Order* is silent on this substantial cost differential.

Clearly, the Commission cannot think that cost differences such as the foregoing, are so insubstantial to consider the costs of providing coin and 800 coinless service similar.[18]

Premise 3.

As shown above, given the different features and questions, and thus different costs of providing coin and coinless service, the Commission cannot rationally conclude that the costs are similar. It, therefore, cannot rationally use the local coin costs as a surrogate for coinless 800 subscriber or access code calls.

IV. If The Commission Adopts The "CARRIER PAYS" Methodology, IXCs Must Spread The Costs Over All 800 Users.

PageNet believes the Commission should allow payphone providers to recover their costs in originating calls through coin payment. However, should the Commission require IXCs to pay the compensation instead of the actual cost causer -- the calling party -- it should not compound the error, and unwarranted

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[18] It is particularly incredulous that the Commission's compensation rate includes coin costs, because the Commission has set up a mechanism that assures that the compensation associated with 800 subscriber and 800 access code calls will never be paid for with coin in the box.

expense imposed on the telecommunications industry and its customers by allowing the IXCs to pass the compensation on, on a per call basis, to individual 800 subscribers. Rather, the IXCs should be limited to spreading these costs over all 800 subscribers and 800 access code users. While clearly not a perfect scheme -- it nonetheless minimizes the amount of tracking that would need to occur, the next level of billing to individual subscribers, and the level of uncollectibles that will be faced by the industry as a whole.

A. 800 Subscriber Carriers, Like PageNet, Will Not Be Able To Bill Their Own Subscribers On A Per-Call Basis.

As noted, the FCC's *Report and Order* allows the IXCs to pass through the payphone compensation charge to IXC subscribers on the theory that, in the absence of passing on charges in this manner, "the called party's incentives for accepting or declining a particular call will be distorted." *Report and Order* at 10, ¶ 17 (emphasis added). Yet, the Commission has not adopted a tracking and billing mechanism which allows the called party to determine whether to accept or reject particular calls.[19] In fact, the 800 subscribers such as PageNet will not even get the bills for payphone originated calls for months (or even a year or

[19] The Commission's assumption that IXCs will be able to successfully offer 800 numbers that do not allow calls from payphones is unsupported by the record evidence. The record demonstrates, and the APCC Comments support the premise that payphones have become a ubiquitous means of placing transit calls available to the general public.

more) after they have been incurred so have no viable way to bill the payphone compensation fee to the party who was called.[20]

Furthermore, a one-year compensation period may be in direct contravention of state regulations governing billing by telecommunications companies. Some states require that utilities bill <u>monthly</u> for services rendered. *See* 16 NYCCR § 602.6. Other states, in the OSP context, explicitly prohibit billing for calls which occur more than 60 days prior to the billing date. *See e.g.*, R14-2-1007 Arizona Admin. Code. It would not take long for the states to enact similar legislation in the context of 800 calls if carriers such as PageNet attempted to bill their paging subscribers for services received months after the calls were placed.

Even assuming these calls could be billed, this compensation mechanism translates into lost revenues, because customers do not pay bills rendered months or even a year in arrears. Bills for

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20 The Commission's rationale for not adopting a shorter time period takes into account the interests of the payphone providers, but not companies such as paging carriers who subscribe to subscriber 800 service. By permitting PSPs to submit compensation demands to IXCs for charges accrued or incurred one year after the compensation period, the Commission effectively empowers the IXCs to collect contributions from 800 service subscribers long after the charges were incurred. PageNet assumes that the IXCs will choose to pass the costs of payphone compensation on to their 800 service subscribers.

services rendered are submitted and due within days or weeks, not months.

B. 800 Subscribers Have No Information Related To Per-Call Costs, And Cannot Choose To Block Or Accept Calls.

Another problem with this compensation mechanism, *i.e.*, one that allows the IXC to pass the costs through to 800 subscribers on a per-call basis, is that it subjects 800 subscribers to charges for the origination of calls as to which the 800 subscriber or, as in the paging context, the user of the 800 number, has no information, including the amount of the charges (since such charges may vary from state to state).

This situation is contrary to the principles enunciated in this *Report and Order*, and in other Commission proceedings. For instance, as noted above, the Commission emphasized in its *Report and Order* the importance of disclosure of payphone rates and information to consumers, *including 800 subscribers*.[21] Yet the Commission's Order leaves 800 subscribers subject to charges without such disclosures.

Furthermore, the Commission states that fair compensation can be best assured "when the *caller* has the information necessary to make an informed choice as to whether to make the call and incur the compensation charge."[22] Similarly, the

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21 *Id.* at ¶ 16.

22 *Id.* at ¶ 20 (emphasis added).

Commission states that "*callers* should have information in every instance about the price of the calls they make from payphones."[23]

In fact, in the Pay-Per-Call proceeding, Docket No. 96-146, the Commission expressed concern that consumers may not be receiving information about the cost of a call and determined that certain safeguards were necessary to "ensure that consumers are fully informed" about the services they choose to purchase.[24] While the OSP reform and pay-per-call proceedings involve services different from the subscriber 800 services involved here, the issues and concerns are the same, and the Commission should not stray from the principles established in those proceedings.

C. IXCs Are Better Able To Spread The Costs of Payphone Compensation.

Paging carriers such as PageNet will be required to build these calls into their overall provision of service, spreading their costs over all customers. They will thus have to increase their price for services to all customers. The rates for paging services overall average in the $8.00 to $25.00 per month range,

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23 *Id.* at ¶ 49.

24 *See* Policies and Rules Governing Interstate Pay-Per-Call and Other Information Services Pursuant to the Telecommunications Act of 1996, CC Docket No. 96-146, FCC 96-289 (rel. July 11, 1996) (*Pay-Per-Call Order*).